

## COUNTRY PROFILE: ROMANIA

July 2005

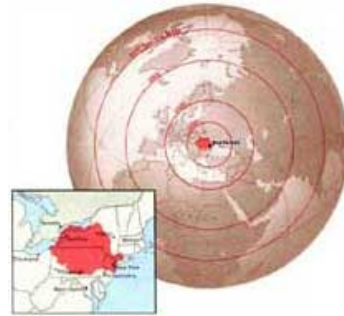
### COUNTRY

**Formal Name:** Romania.

**Short Form:** Romania.

**Term for Citizen(s):** Romanian(s).

**Capital:** Bucharest.



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**Major Cities:** According to the 2002 census, Bucharest is the largest city in Romania, with 1.9 million inhabitants. Other major cities, in order of descending size, include Iasi (320,888), Cluj-Napoca (317,953), Timișoara (317,660), Constanta (310,471), Craiova (302,601), Galati (298,861), Brasov (284,596), and Ploiesti (232,527).

**Independence:** July 13, 1878, from the Ottoman Empire; kingdom proclaimed March 26, 1881; and the Romanian People's Republic proclaimed April 13, 1948.

**Public Holidays:** Romania observes the following public holidays: New Year's Day (January 1), Epiphany (January 6), Orthodox Easter (variable date in April or early May), Labor Day (May 1), Unification Day (December 1), National Day and Christmas (December 25).

**Flag:**

The Romanian national flag has three equal vertical stripes of blue, yellow, and red.



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### HISTORICAL BACKGROUND

**Early Human Settlement:** Human settlement first appeared in the lands that now constitute Romania during the Pleistocene Epoch. Later, about 5500 B.C., Indo-European people lived in the region. The Indo-Europeans in turn gave way to Thracian tribes, and today's Romanians are in part descended from the Getae, a Thracian tribe that lived north of the Danube River. During the Bronze Age (roughly 2200 to 1200 B.C.), these Thraco-Getian tribes engaged in agriculture, stock raising, and trade with peoples who lived along the Aegean Sea coast, including Greek trading colonies, and Greek culture made inroads on the Thraco-Getian villages. By about 300 B.C., the Lower Danube Getae had forged a state, and from 112 to 109 B.C. the Getae joined the Celts to invade Roman possessions in the western Balkans. Decades passed, and Roman influence in the region grew as Getian interference in Roman affairs was met by punitive Roman campaigns.

After Trajan became Roman emperor in A.D. 98, he launched two campaigns (in A.D. 101 and 105) to seize control of Getian territory. The Roman legions moved into the heart of Transylvania and stormed the Getian capital, Sarmizegetusa (present-day Gradistea Muncelului). From the newly conquered land, Trajan organized the Roman province of Dacia, and in the next 200 years a Dacian ethnic group arose as Roman colonists commingled with the Getae and the coastal Greeks. In A.D. 271 the Emperor Aurelian concluded that Dacia was overexposed to invasion and ordered his army and colonists to withdraw across the Danube. Without Rome's protection, Dacia became a conduit for invading tribes who plundered Dacian settlements. The Visigoths, Huns, Ostrogoths, Gepids, and Lombards swept over the land from the third to the fifth centuries, and the Avars arrived in the sixth, along with a steady inflow of Slavic peasants. Unlike other tribes, the Slavs settled the land and intermarried with the Dacians. In 676 the Bulgar Empire absorbed a large portion of ancient Dacia.

**Creation of Moldavia and Walachia:** In 896 the Magyars, the last of the migrating tribes to establish a state in Europe, settled in the Carpathian Basin, and a century later their king, Stephen I, integrated Transylvania into his Hungarian kingdom. The Hungarians constructed fortresses, founded a Roman Catholic bishopric, and began proselytizing Transylvania's indigenous people. In 1241 the Mongols invaded Transylvania from the north and east over the Carpathians. When the Mongols withdrew suddenly in 1242, King Béla IV launched a vigorous reconstruction program. With Béla's effort and the fall of the Árpád Dynasty in 1301, Transylvania became virtually autonomous.

In the thirteenth and fourteenth centuries, Transylvanian émigrés founded two principalities, Walachia and Moldavia, which steadily gained strength in the fourteenth century, a peaceful and prosperous time throughout southeastern Europe, and Walachia freed itself from Hungarian sovereignty in 1380. By the early 1400s, however, Walachia and Moldavia were in decline while the Ottoman threat waxed. Eventually, around 1541, Transylvania became an autonomous principality under Ottoman suzerainty. But with the rise of the Ottomans in Central Europe, Walachia and Moldavia lost all but the veneer of independence. The Romanians' final hero before the Turks and Greeks closed their stranglehold on the principalities was Walachia's Michael the Brave (r. 1593–1601). Michael, whose short-lived unification of Walachia, Moldavia, and Transylvania in 1600 grew more impressive in legend than in life, later inspired the Romanian struggle for cultural and political unity.

**The Struggle for Transylvania:** In 1683, decades after Michael the Brave's brief tenure, Jan Sobieski's Polish army crushed an Ottoman army besieging Vienna, and Christian forces soon began the slow process of driving the Turks from Europe. In 1688 the Transylvanian Diet renounced Ottoman suzerainty and accepted Austrian protection. Eleven years later, the Ottoman government officially recognized Austria's sovereignty over the region. Under Habsburg rule, Roman Catholics dominated Transylvania's more numerous Protestants, and Vienna mounted a campaign to persuade Orthodox clergymen to join the Uniate Church, which retained Orthodox rituals and customs but accepted four key points of Catholic doctrine and acknowledged papal authority.

By the early 1700s, the Uniate Church emerged as a seminal force in the rise of Romanian nationalism. Uniate clergymen schooled in Rome and Vienna acquainted the Romanians with

Western ideas, wrote histories tracing their Daco-Roman origins, adapted the Latin alphabet to the Romanian language, and published Romanian grammars and prayer books. The Romanians' struggle for equality in Transylvania found a formidable advocate in a Uniate bishop, Inocentiu Micu Klein, who from 1729 to 1744 submitted petitions to Vienna on the Romanians' behalf.

Over the next decades, Habsburg rule varied as some emperors engaged in dialogue with the Diet while others entirely ignored it. In early 1848, under the reign of Ferdinand V (r. 1835–48), Transylvania and Hungary were united. Unification galvanized Romanian opposition and spurred first protests and then warfare. In June 1849, however, the tsar heeded an appeal from Emperor Franz Joseph (r. 1848–1916) and sent in Russian troops, who extinguished the revolution. After quashing the revolution, Austria imposed a repressive regime on Hungary and ruled Transylvania directly through a military governor. Dismal conditions uprooted many Romanian families, who crossed into Walachia and Moldavia seeking better lives.

**Russian Influence on Walachia and Moldavia:** Ottoman rule over Walachia and Moldavia was interrupted by periods of Russian occupation throughout the 1700s and early 1800s. In 1812 Russia signed the Peace of Bucharest, which returned the principalities to the Ottomans, but complete Russian withdrawal was delayed until 1834. The uprising of Transylvania's Romanian peasants during the 1848 European revolutions ignited Romanian national movements in Walachia and Moldavia. In response, the tsar invaded Moldavia and later Walachia. In 1854 Russia, under pressure from the Turks and Franz Joseph, withdrew entirely from Walachia and Moldavia, paving the way again for Ottoman suzerainty over the principalities.

**Unification of Moldavia, Transylvania, and Walachia:** In 1856 an active campaign to unite Walachia and Moldavia began, and in 1859 the separate assemblies at Bucharest and Iasi unanimously elected the same man, Alexandru Ioan Cuza, governor of both principalities. The European powers and the Ottoman Empire ratified Cuza's election, and the United Principalities officially became Romania in 1861. A period of reform followed by political instability ensued. Cuza was deposed and replaced by Prince Charles (r. 1866–1914), who backed Russia during the Russo-Turkish War of 1877–78. After the Ottomans' defeat, Charles proclaimed Romania's independence, ending five centuries of vassalage. In 1881 the parliament proclaimed Romania a kingdom, and Charles was crowned in Bucharest. Romania enjoyed relative peace and prosperity for the next three decades. Walachian wells began pumping oil, a bridge was built across the Danube at Cernavoda (in Dobruja), and new docks rose at Constanta. Charles equipped a respectable army, and peasant children filled newly constructed rural schoolrooms. Romania borrowed heavily to finance development, however, and most of the population continued to live in penury and ignorance. With the outbreak of World War I (and the death of Prince Charles), Romania joined the war on the side of Britain, Russia, France, and Italy and on August 27, 1916, declared war on Austria-Hungary.

In 1919 Romanians voted in the country's first free elections. Two postwar agreements that Romania signed, the Treaty of Saint-Germain with Austria and the Treaty of Trianon with Hungary, more than doubled Romania's size, adding Transylvania, Dobruja, Bessarabia, northern Bukovina, and part of the Banat to the Old Kingdom. The treaties also fulfilled the centuries-long Romanian dream of uniting all Romanians in a single country.

**The Interwar Years and WWII:** In October 1922, Ferdinand became king of Greater Romania, and in 1923 Romania adopted a new constitution providing for a highly centralized state. The Communist Party, founded in 1921, was banned by the government in 1924. Romania's economy boomed during the interwar period, but the 1929 collapse of the New York Stock Exchange sent world grain prices tumbling and plunged Romania into an agricultural crisis. The economic downturn provided a fertile context for the formation of the Iron Guard, a macabre political cult consisting of malcontents, unemployed university graduates, thugs, and anti-Semites, who called for war against Jews and communists. The Iron Guard soon became the Balkans' largest fascist party. On September 6, 1940, the Iron Guard, with the support of Germany and renegade military officers led by the premier, General Ion Antonescu, forced the king to abdicate, leaving the king's nineteen-year-old son, Michael V (r. 1940–47), to succeed him. Antonescu soon usurped Michael's authority and brought Romania squarely into the German camp, and on June 22, 1941, German armies attacked the Soviet Union with Romanian support. During the war, Antonescu's regime severely oppressed the Jews in Romania and the conquered territories. Despite rampant anti-Semitism, however, most Romanian Jews survived the war.

In August 1943, King Michael, a number of army officers, and armed Communist-led civilians seized control of the government. The coup speeded the Red Army's advance, putting an end to Romania's war against the Allies. The Red Army occupied Bucharest on August 31, 1944. Less than a month later, Romania and the Soviet Union signed an armistice in which Romania retroceded Bessarabia and northern Bukovina to the Soviet Union. On October 9, 1944, British Prime Minister Winston Churchill and Joseph Stalin met in Moscow, where Churchill offered Stalin a list of Balkan and Central European countries with percentages expressing the "interest" the Soviet Union and other Allies would share in each—including a 90 percent Soviet preponderance in Romania. Stalin, ticking the list with a blue pencil, accepted the deal.

**The Move Toward Socialism:** In late 1944, Romania's Communist Party recruitment campaigns began netting large numbers of workers, intellectuals, and others disillusioned by the breakdown of the country's democratic experiment and hungry for radical reforms. In 1945 the Soviet-backed Romanian Communist Party seized power in Romania, and in 1947 King Michael, facing pressure from the Communists, abdicated. In June 1948, the national assembly enacted legislation to complete the nationalization of the country's banks and most of its industrial, mining, transportation, and insurance companies. Within three years, the state controlled 90 percent of Romania's industry. In January 1949, Romania joined the Council for Mutual Economic Assistance (Comecon), initiated forced agricultural collectivization to feed the growing urban population and generate capital, and launched an ambitious program of forced industrial development at the expense of agriculture and consumer-goods production. Industrialization proceeded quickly and soon began reshaping the country's social fabric as peasants left the fields and villages for factory jobs in urban areas.

After Stalin's death in March 1953, Gheorghe Gheorghiu-Dej forged a "New Course" for Romania's economy and set Romania on its so-called "independent" course within the East bloc. Although following a Stalinist model of development domestically, Gheorghiu-Dej defied Soviet hegemony over the East bloc internationally and initiated economic and political ties with China and Yugoslavia.

**The Rise of Nicolae Ceaușescu:** After Gheorghiu-Dej's death in March 1965, Nicolae Ceaușescu, the party's first secretary, wasted little time consolidating power and eliminating rivals. Romania's divergence from Soviet policies widened under Ceaușescu. Popular acceptance of Ceaușescu's regime peaked with his defiance of the Soviet Union following the invasion of Czechoslovakia in 1968; most Romanians believed his actions had averted Soviet re-occupation of their country.

During his early years in power, Ceaușescu sought to present himself as a reformer and populist champion of the common man. Purge victims began returning home; contacts with the West multiplied; and artists, writers, and scholars found new freedoms. After consolidating power, however, Ceaușescu regressed. The government again disciplined journalists and demanded the allegiance of writers and artists to socialist realism. By the early 1970s, Ceaușescu adopted the principle of cadre rotation, making the creation of power bases opposed to him impossible. In 1973 Ceaușescu's wife, Elena, became a member of the Politburo, and in 1974 voters "elected" Ceaușescu president.

**Dynastic Socialism:** The Eleventh Party Congress in 1974 signaled the beginning of a regime based on "dynastic socialism." Ceaușescu placed members of his immediate family—including his wife, three brothers, a son, and a brother-in-law—in control of defense, internal affairs, planning, science and technology, youth, and party cadres. Ceaușescu launched monumental, high-risk ventures, including huge steel and petrochemical plants, and restarted work on the Danube-Black Sea Canal. Central economic controls tightened, and imports of foreign technology skyrocketed.

Halfway through the Sixth Five-Year Plan (1976–80), the economy faltered. A devastating earthquake, drought, higher world interest rates, soft foreign demand for Romanian goods, and higher prices for petroleum imports pushed Romania into a balance-of-payments crisis. Ceaușescu imposed a crash program to pay off the foreign debt. The government cut imports, slashed domestic electricity usage, enacted stiff penalties against hoarding, and squeezed its farms, factories, and refineries for exports. Ceaușescu's debt-reduction policies caused average Romanians terrible hardship.

By the mid-1980s, Romania's economy was increasingly dependent on the Soviet Union for energy imports and raw materials, and as a noncompetitive market for Romanian goods. Despite this dependence, Ceaușescu remained vocal in his criticisms of the liberalization policies of Mikhail Gorbachev. In 1989 Ceaușescu was reelected for another five-year term as general secretary of the Romanian Communist Party.

**The Fall:** As changes swept peacefully through the East bloc states from the Baltic to the Balkans, Ceaușescu continued to exercise an iron grip on Romania. It seemed for a time as if the regime liberalization taking place all around it might bypass Romania entirely. When cracks unexpectedly appeared in the regime, however, Ceaușescu's decline from power was swift and violent. In December 1989, protesters in Timișoara led by a young Hungarian pastor named Laszlo Tokes took to the streets after government efforts to remove him from his church. Despite government orders to disperse, the protests swelled, and the crowd began calling for Ceaușescu's regime to step down. On December 17, before departing on a three-day trip to Tehran, Ceaușescu

ordered the minister of national defense to fire on the crowd in order to end the demonstrations. The order to use deadly force was not initially followed, but later that afternoon, Securitate (secret police) forces opened fire, killing and wounding scores of demonstrators.

Word of the Timișoara uprising spread to the rest of the country, thanks in large part to foreign radio broadcasts. When Ceaușescu returned from Iran on December 20, accounts of heavy loss of life in Timișoara had already incited protests in Bucharest. At a televised pro-regime rally the next day, Ceaușescu addressed a large crowd of supporters. As he spoke, a few brave students began unfurling anti-Ceaușescu banners and chanting revolutionary slogans. Dumbfounded by the crowd's rumblings, the aged ruler yielded the microphone to his wife as the television broadcast was interrupted. The once unassailable Ceaușescu regime suddenly appeared vulnerable.

On the morning of December 22, Ceaușescu again appeared on the balcony of Central Committee headquarters and tried to address the crowds milling below. Seeing that the situation was now out of his control and that the army was joining the protesters, Ceaușescu and his wife fled the capital but were captured several hours later. The desperate fugitives' attempts to bribe their captors failed, and for three days they were hauled about in an armored personnel carrier. Meanwhile, confused battles among various military and Securitate factions raged in the streets. The media's grossly exaggerated casualty figures (some reports indicated as many as 70,000 deaths; the actual toll was slightly more than 1,000 killed) convinced citizens that Romania faced a protracted, bloody civil war, the outcome of which could not be predicted. Against this ominous backdrop, a hastily convened military tribunal tried Nicolae and Elena Ceaușescu for "crimes against the people" and sentenced them to death by firing squad. On Christmas Day, a jubilant Romania celebrated news of the Ceaușescus' executions and sang long-banned traditional carols.

**Post-Ceaușescu Romania:** Political and economic stability has not come easily to Romania since the fall of the Ceaușescu regime. One party has largely dominated Romanian politics since 1989 under a variety of names. In what was essentially a palace coup, Ion Iliescu, a former party elite who had fallen out of favor, seized power after the execution of the Ceaușescus. Iliescu quickly repealed many of Ceaușescu's most unpopular policies, paving the way for his party's victory in the 1990 elections. The center-left National Salvation Front (NSF; as it was known at that time) was faced with serious social, political, and economic concerns that it was ill equipped to address equitably or meaningfully. Corruption was rampant, and many feared, with good reason, that Iliescu and his allies lacked a sincere commitment to democracy. Pro-democracy protests in Bucharest in 1990 were violently suppressed by miners from the Jiu Valley, who many believed were directed by Iliescu. In 1991 the miners made a second violent return to Bucharest, only this time to protest market reforms pushed by Prime Minister Petre Roman. The government collapsed, the NSF split into two factions, and elections were held in 1992.

The 1992 elections returned Iliescu and his branch of the NSF (now called the Democratic National Salvation Front, or FDSN) to power. Significant reform did not take place under Iliescu's leadership. The FDSN renamed itself the Party of Social Democracy in Romania (PSDR). In 1996 Iliescu lost a presidential runoff to Emil Constantinescu, an academic and former visiting professor at Duke University, who led an unstable center-right alliance. Living

standards declined in the late 1990s, weakening support for Constantinescu. In the 2000 elections, voters once again put their faith in the devil they knew over the devil they did not know and returned Iliescu to power in a runoff with Corneliu Vadim Tudor, leader of the extreme nationalist Greater Romania Party. In keeping with tradition, the PSDR was renamed once again, this time as the Social Democratic Party (PSD). The PSD presided over a period of relative popularity and party stability as living standards rebounded somewhat and was expected to hold power in the 2004 elections. However, Traian Basescu, leader of a center-right coalition and the popular mayor of Bucharest, handed the PSD a surprising defeat. After a court ruling in early July 2005 blocked reforms required by the European Union (which Romania hopes to join in 2007), Prime Minister Calin Popescu announced that his cabinet would resign and early elections would be held.

## GEOGRAPHY

**Location:** Romania is located in southeastern Europe; Ukraine lies to the north and east, Moldova to the northeast, Hungary to the northwest, Serbia and Montenegro to the southwest, Bulgaria to the south, and the Black Sea to the southeast.



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**Size:** Romania's total area is 237,500 square kilometers, 7,160 square kilometers of which is water.

**Land Boundaries:** Romania shares land boundaries with the following nations: Bulgaria (608 kilometers), Hungary (443 kilometers), Moldova (450 kilometers), Serbia and Montenegro (476 kilometers), and Ukraine (431 kilometers).

**Disputed Territory:** Romania and Ukraine continue to negotiate conflicting claims to the Ukrainian-administered Zmiyiny Island (known in Romania as Insula Serpilor) as well as the shared Black Sea maritime boundary.

**Length of Coastline:** Romania's coastline along the Black Sea is 225 kilometers long.

**Maritime Claims:** Romania claims a territorial sea of 12 nautical miles, a contiguous zone of 24 nautical miles, an exclusive economic zone of 200 nautical miles, and a continental shelf of 200 meters (or to the depth of exploitation).

**Topography:** Romania's topography is almost evenly divided among mountains, hills, and plains. These varied forms spread rather symmetrically from the Carpathian Mountains in the north, which reach elevations of more than 2,400 meters, to the Danube Delta in the southeast, which is just a few meters above sea level.

**Principal Rivers:** The Danube is Romania's major waterway. After entering the country in the southwest at Bazias, the Danube travels some 1,000 kilometers through or along Romanian territory, forming the southern frontier with Serbia and Montenegro and Bulgaria. One of Europe's largest hydroelectric stations is located at the Iron Gate, where the Danube surges

through the Carpathian gorges. Virtually all of the country's rivers are tributaries of the Danube, either directly or indirectly, and by the time the Danube's course ends in the Black Sea, they account for nearly 40 percent of the total discharge. The most important of these rivers are the Mures, Olt, Prut, Siret, Ialomita, Somes, and Arge. Romania's rivers flow primarily east, west, and south from the central crown of the Carpathians. They are fed by rainfall and melting snow, which causes considerable fluctuation in discharge and occasionally catastrophic flooding. In the east, river waters are collected by the Siret and Prut. In the south, the rivers flow directly into the Danube. In the west, waters are collected by the Tisza on Hungarian territory.

**Climate:** Because of its position on the southeastern portion of the European continent, Romania has a climate that is transitional between temperate and continental. In the extreme southeast, Mediterranean influences offer a milder, maritime climate. The average annual temperature is 11° C in the south and 8° C in the north. In Bucharest, the temperature ranges from –29° C in January to 29° C in July, with average temperatures of –3° C in January and 23° C in July. Rainfall, although adequate throughout the country, decreases from west to east and from mountains to plains. Some mountainous areas receive more than 1,010 millimeters of precipitation each year.

**Natural Resources:** Romania possesses declining reserves of petroleum and natural gas in modest supply, timber, coal, iron ore, and salt as well as arable land and hydropower resources.

**Land Use:** According to the Romanian government, arable areas represent 39.2 percent of land; forests, 28 percent; pastures and hayfields, 20.5 percent; vineyards and orchards, 2.3 percent; buildings, roads and railroads, 4.5 percent; waters and ponds, 3.7 percent; and other areas, 1.8 percent.

**Environmental Factors:** Romania's past focus on heavy industry has saddled it with a legacy of industrial pollution, and pollution presents a serious threat to Romania's environment. Under Ceaușescu, Romania's Environmental Law of 1973 was never fully enforced, and Romania did not update its environmental regulations until 1995, when it passed the Law on Environmental Protection, making it one of the last countries in Eastern Europe to do so. According to Western observers, toxic air emissions present the most significant environmental hazard in Romania. Industrial waste pollution in waterways is also significant. In January 2000, a major cyanide spill in Romania's mining region flooded the Danube River with toxic waste; the contamination killed fish and polluted drinking water in Romania, Hungary, Serbia, and Bulgaria before dissipating in the Black Sea. Approximately 18 percent of Romania's water is too polluted even for industrial use. Economic difficulties and political constraints have prevented widespread reform of heavy industry, especially mining, and kept environmental protections generally weak.

**Time Zone:** Romania is two hours ahead of Greenwich Mean Time.

## SOCIETY

**Population:** Romania's population has declined every year since 1990, the result of falling birthrates, increasing mortality rates, and emigration. According to figures from the Romanian



government, in 2003 Romania's population was estimated at 21.7 million, with an annual growth rate of -0.3 percent. According to the United States Census Bureau, population density in Romania in 2003 was 97.2 persons per square kilometer. Slightly more than half of the population lives in urban areas. At the end of 2003, Romania hosted about 200 refugees while some 3,700 Romanians, mostly Roma, were refugees seeking asylum abroad.

**Demography:** In 2004, 16.2 percent of the population was less than 15 years of age, 69.4 percent was 15–64, and those aged 65 and older accounted for 14.4 percent of the population. In the overall population, there were 0.95 males for every female. The number of births per 1,000 was 10.6, the number of deaths, 11.7. The infant mortality rate per 1,000 live births was 27.2, one of the highest rates in Europe. Maternal mortality rates were six times the average for the European Union. The fertility rate was 1.35 children born per woman. Life expectancy at birth was estimated at 71.1 years (67.6 years for men, 74.8 years for women), one of the lowest rates in Europe.

**Ethnic Groups:** The majority of the population (89 percent) is ethnic Romanian, with a small minority of Hungarians (7.1 percent) and even fewer Germans, Ukrainians, Serbs, Croats, Russians, Turks, and Roma (3 percent cumulatively).

**Languages:** Romanian is the official language. Hungarian (Magyar), is commonly used as well, particularly in the western and northwestern areas. English and French are widely spoken as second and third languages, especially among younger Romanians.

**Religion:** According to the Romanian government, 86.7 percent of the population is Eastern Orthodox; 4.7 percent, Roman Catholic; 3.2 percent, Protestant; less than 1 percent, Greek Catholic; and less than 1 percent, Jewish.

**Education and Literacy:** Education in Romania is compulsory for the first 10 years of schooling, and 98 percent of children attend school. In 2001 Romania had some 14,000 primary and secondary schools attended by roughly 3 million students and staffed by 230,000 teachers. In that same year, there were approximately 90 vocational schools with enrollments totaling 250,000 students, 103 specialized technical schools with 72,000 students, and 129 institutions of higher education with more than half a million students. The literacy rate in Romania is 98.4 percent (99.1 percent male, 97.4 percent female).

**Health:** Health care is generally poor by European standards, and access to health care is limited in many rural areas. In 2001 health expenditures were equal to 6.5 percent of gross domestic product. In 2004 there were 1.9 physicians and 7.5 hospital beds per 1,000 people. The adult rate of prevalence of human immunodeficiency virus/acquired immune deficiency syndrome (HIV/AIDS) is low at less than 0.1 percent. Nevertheless, there are concerns that rates of prevalence could rise in the future, as Romania has a high rate of syphilis, and there is evidence of a significant lack of awareness in key areas such as HIV transmission and prevention. Intravenous drug use is also a major risk factor in Bucharest, where it is estimated that 1 percent of the population is injecting heroin. The number of pediatric AIDS cases is one of the highest in Europe, a grotesque legacy of the Ceaușescu regime when the use of unscreened blood and blood

products and the repeated use of contaminated needles in hospitals and orphanages led to thousands of newborn and young children becoming infected with HIV.

**Welfare:** The Romanian social insurance system is funded by employee/employer contributions and government payments. The social insurance system provides a variety of benefits including old-age pensions, disability benefits, workers' compensation for injuries sustained on the job, unemployment benefits, and family allowances. The system likely suffers from a shortage of capital and human resources, as well as poor distribution, especially in rural areas. The Romanian child welfare system continues to struggle with the large number of orphans, a legacy of the Ceaușescu regime. According to some estimates, nearly 50,000 children are wards of the state, with 10,000 children abandoned at hospitals each year. An effort in 2002 to modernize child welfare law to meet European Union standards, although well intentioned, has had mixed results at best.

## ECONOMY

**Overview:** The pace of Romania's transition from a centrally planned to a market economy has been slower than in neighboring post-communist states. Following the 1989 revolution, governments enacted reforms sporadically. During the 1990s, macroeconomic imbalances persisted, as did government subsidies for loss-making industries. Fiscal debt and inflation were problems throughout the decade, and much of Romania's external debt was financed by credits from multilateral agencies, which in turn pressured Romania to pursue stabilization and restructuring programs. Nevertheless, Romania failed to complete any of the five standby agreements it had with the International Monetary Fund in the 1990s. Since 2000, progress has been made, but in 2003 the European Union (EU) concluded that Romania, although close, was not yet a functioning market economy. It remains to be seen whether Romania will be able to meet the economic criteria for entry into the EU in 2007.

**Gross Domestic Product (GDP):** Economic growth in Romania has been unstable since the fall of the Ceaușescu regime, which was obsessed with eliminating the country's foreign debt, largely at the expense of the broader economy. GDP contracted significantly after the 1989 revolution, and, despite recent growth, it is estimated that in 2003 Romania's GDP was still just below the 1989 level. GDP growth between the years of 1998 and 2002 averaged just 1.3 percent. In 2002, the most recent year for which complete figures are available, GDP reached US\$45.7 billion, an increase of 4.9 percent from the previous year. In 2003 agriculture represented 13.1 percent of GDP, industry 38.1 percent, and services, 48.8 percent.

**Government Budget:** Although budget deficits have declined since 1999, government expenditures continue to outpace revenues. In 2003 (the most recent year for which figures are available), the budget deficit represented 2.4 percent of gross domestic product (GDP). In 2002 the government had expenditures of approximately US\$12.9 billion on revenues of approximately US\$11.1 billion. Figures for the first 10 months of 2004 show the consolidated budget posted a surplus of 0.1 percent of GDP.

**Inflation:** For most of the 1990s and into this century, Romanians have endured double-and even triple-digit inflation, and it remains a major concern for the economy. Inflation in this period peaked in 1993, when it was a staggering 256 percent per annum. Inflation declined to a still very high 28 percent in 1995 but was back into triple digits a few years later, when government spending and exchange-rate liberalization pushed the rate to 151 percent by the end of 1997. By 1999 the rate had fallen to 54 percent, and over the next few years it continued to decrease gradually. In 2004 inflation was estimated at 9.3 percent, the first time since the revolution that Romania experienced single-digit inflation (thanks in large part to the leu's appreciation against the U.S. dollar). However, some outside observers speculate that Romania's consumer price index fails to accurately reflect the true impact of energy costs (which are rising faster than average), and therefore is a flawed measure of inflation.

**Agriculture:** Romania has rich agricultural lands, with conditions amenable to a variety of crops, and has historically been a major agricultural producer. Since 1989, no other industry has been privatized as extensively as agriculture, where, as of 2004, 85 percent of arable land and 98 percent of livestock were privately held. Nevertheless, the agriculture sector remains weaker than in other European Union accession states. Although in 2002 agriculture accounted for 38 percent of total employment and 68 percent of rural employment, it accounted for just 13 percent of gross value added. Under the post-revolution privatization policies, some 4 million small parcels (representing 80 percent of arable land) were returned to their original owners or heirs, and no one person or family was permitted to claim more than 10 hectares. By 2000, largely as a result of this policy and the slow pace of consolidation among small farm owners, the average Romanian farm was just 2.4 hectares, and only 2 percent of farms were larger than 10 hectares. This fragmentation is one reason the agricultural sector is undercapitalized and means most farming in Romania is still very labor-intensive. Legal, capital, and political restrictions continue to stifle growth in the agricultural sector. Principal crops in Romania include corn, wheat, potatoes, barley, grapes, sunflower seeds, sugar beets, and cabbages; principal livestock inventories include chickens, sheep, pigs, and cattle (both in descending order of production, as of 2002).

**Forestry:** In 2000 (the most recent year for which figures are available), Romania had roughly 6.5 million hectares of forest cover. In 2002 roundwood removals totaled 12.4 million cubic meters, and sawnwood production totaled 3.7 million cubic meters.

**Fishing:** In 2002 the catch of aquaculture and captured fish in Romania totaled 16,237 tons (live weight), down from 18,445 in 2001. These were mostly bighead, common, and silver carp, and European sprat.

**Mining and Minerals:** Romania has modest deposits of minerals, including bauxite, copper, gold, iron ore, lead, salt, uranium, and zinc. Reserves of bauxite are estimated at 2.5 million tons, copper at 1.5 million tons, zinc at 1.4 million tons, and lead at 600,000 tons. In 2002 iron ore production totaled 77,400 tons, zinc 25,400 tons, and lead 23,000 tons. The mining sector has declined, in part as a result of poor maintenance and a lack of investment, and has a poor environmental record.

**Industry and Manufacturing:** The industry and manufacturing sector in Romania is burdened by a concentration of old, and in some cases nearly obsolete, plants in metallurgical, heavy engineering, and chemical industries. During the communist era, concentration was the norm in industry and manufacturing, which left the country with a number of very large enterprises. Restructuring, and the subsequent closing of some of those factories, has further weakened the sector. Privatization has taken place, but at a slower pace than in other sectors of the economy. As of 2000, the Romanian government still owned roughly 80 percent of the country's industrial core (namely, mining, aluminum, iron, and steel production, and power generation), which accounted for nearly 69 percent of total industrial production. In that same year, industry employed 27.3 percent of the labor force. In 2003 industry accounted for 38.1 percent of gross domestic product. Major industrial items include tires, cement, crude steel, household consumer items, passenger cars, tractors, wine, and beer. Continued foreign direct investment is needed for further industrial restructuring.

**Energy:** Analysts generally agree that Romania is the only central European country with significant primary energy reserves (both fossil fuel and hydroelectric resources) and that these offer the potential—not yet realized—for several decades of energy self-sufficiency. With 6 percent of the Romanian labor force working in the energy sector, it is the third largest employer in the country, and it accounts for 5 percent of total industrial output. Energy production has declined since the early 1990s, as contractions in heavy industry have reduced demand. In 2002 primary energy demand decreased by 3.3 percent and was equivalent to 37.9 million tons of oil, of which 24.7 million tons were produced domestically. Per-capita energy consumption in 2002 was 1,904 kilograms of oil equivalent, lower than in Bulgaria (3,001 kilograms) but higher than in Turkey (1,061 kilograms). Since 2000, the Romanian government has accelerated efforts to restructure and privatize the inefficient systems of energy production and distribution inherited from the Ceaușescu regime.

As of 2002, Romania had proven crude oil reserves of about 955 million barrels, with daily production averaging 125,000 barrels per day. Roughly 10 percent of crude production is from offshore wells in the Black Sea, where further oil exploration is planned. The discovery of oil and gas reserves in the Black Sea has heightened an unresolved dispute with Ukraine over claims to an island in the area known in Romania as *Insula Serpilor* (Serpent Island) and in Ukraine as *Zmiinyi Island*. Proven coal reserves at the end of 2002 were roughly 1.5 billion tons, mostly lignite and sub-bituminous. Annual coal production peaked in 1989 at 66.4 million tons but since then has declined by more than 50 percent. At current rates of extraction, Romania's coal reserves should last another four to five decades. Proven natural gas reserves are small, at 3.6 trillion cubic feet, sufficient for only a few years at 2002 rates of consumption.

Romania has an installed electricity generating capacity of 22.2 gigawatts, making it the largest power sector in southeastern Europe. Operational capacity, however, is only 16 gigawatts. Romania is a net electricity exporter. Domestic demand for electricity declined sharply after the fall of Ceaușescu but increased for the first time in 2000. In 2002 Romania produced 54.7 million megawatts of electricity, 60.5 percent of which was thermal, 29.4 percent hydroelectric, and 10.1 percent nuclear. Planned improvements to the energy production sector include the rehabilitation of 10 thermal power stations (with a combined capacity of 1.36 gigawatts) and construction of a second unit at the Cernavoda nuclear power plant (expected to go online in

2007). In addition, three more units at the Cernavoda station are planned but awaiting financing. The U.S. Department of Energy estimates that there may be more than 5,000 locations in Romania favorable to hydroelectric power plants, and that current exploitation of hydropower resources is far below capacity.

**Services:** In 2003 the services sector accounted for 48.8 percent of gross domestic product; in 2000 services employed 31.3 percent of the labor force. Despite rapid change since the end of the Ceaușescu regime, the energy sector remains underdeveloped by Western standards. According to a 2001 assessment by the U.S. Department of Commerce, areas in the services sector expected to register the fastest growth include information and communications technology, banking, financial services, insurance, accounting, tourism, and advertising and other media development.

**Banking and Finance:** Privatization and restructuring of banking and financial services began after much delay in December 1998 with the sale of the state's majority stake in the Romanian Development Bank. The privatization of Banc Post followed in 1999. Bancorex, the second largest bank in Romania, and one that held a large number of non-performing loans, was placed under government administration and then absorbed by the Banca Comerciala Romana (BCR) in 1999 as well. By 2003, state-owned banks accounted for 40 percent of total net assets, compared with 75 percent in 1998. With the full privatization of the BCR, that share is expected to fall to 10 percent. The number of banks has declined, mostly through mergers and the revocation of licenses, to 38 by early 2003 (of which 31 were majority foreign-owned). Majority foreign-owned banks accounted for 55.9 percent of total bank assets and 65.4 percent of non-government-sector lending. Practices at domestic banks continue to favor short-term lending, at the expense of investment in new ventures and existing small and medium enterprises. Oversight and regulation of the commercial banking system has improved, reducing vulnerability; financial services, however, remain underdeveloped.

The Bucharest Stock Exchange (BSE) resumed trading in 1995, and the RASDAQ, an electronic network for registering over-the-counter share sales, was launched the following year. Stock values were affected negatively by both the 1997 Asian and 1998 Russian financial crises but since then have recovered. Growth in the BSE composite index grew (in nominal terms) by 26 percent in 2003. Market capitalization on the BSE was 10 percent of gross domestic product in 2003 (up from 5 percent in 2002), low by regional standards.

**Tourism:** Romania has a variety of natural resources that could serve the tourism industry well, including the Black Sea and Danube Delta, the Carpathians and Transylvania, and a well-established wine industry. Unfortunately, as with other sectors, growth in tourism is hindered by poor infrastructure, in particular a shortage of luxury hotels. Foreign investment in tourism has not been brisk despite privatization of the hotel industry. The Romanian government has stepped up efforts to boost foreign tourism, including starting an advertising campaign and opening tourism promotion offices abroad. Revenue from international tourism in 2003 was down to US\$400 million from a high in 1995 of US\$590 million. In contrast, Hungary had revenues in 2003 of US\$4 billion.

**Labor:** The collapse of the Ceaușescu regime instigated a series of dramatic changes in both the size and composition of the labor force in Romania. Perhaps the most significant shifts took

place in industry, which in 1989 employed roughly 4 million workers. By 2001, industry employed just 2 million Romanians. During the 1990s, employment in the gray market increased significantly, complicating efforts to assess the condition of the labor market. As of March 2004, the labor force was estimated at 8.8 million workers, or some 40 percent of the population. According to estimates in 2004, nearly 3 million Romanians worked in industry and commerce, 2.8 million in services, and 2.4 million in agriculture. Unemployment peaked in 1999 at 11.8 percent. Registered unemployment for 2003 (the most recent year for which figures are available) was 7.2 percent, one of the lowest regional official unemployment rates. Many observers believe that the unemployment rate is kept unrealistically low in part by the significant migration of Romanians abroad in search of employment. Estimates suggest that between 600,000 and 2 million Romanians have moved abroad since the fall of the Ceaușescu regime. The minimum wage was raised in January 2005 to slightly more than 3 million lei per month (around US\$98 at that time).

**Foreign Economic Relations:** Prior to Ceaușescu's renunciation of most-favored-nation (MFN) trading status in 1988, Romania had been the United States' largest trading partner in Eastern Europe. The U.S. Congress approved restoring Romania's MFN status in 1993 (since 1998 MFN status has been known as normal trade relations, or NTR). Also in 1993, the Romanian government signed a free-trade agreement with the European Free Trade Association, and in 2004 Romania concluded pre-accession negotiations with the European Union (EU). Romania is scheduled to join the EU in January 2007, pending implementation of reforms outlined by the EU. As of early 2005, the EU was Romania's largest market for exports and largest provider of imports. Romania joined the World Trade Organization in 1995. The Romanian government is working to improve trade relations with neighboring Black Sea states, and has championed the creation of a free-trade area for manufactured goods with Bulgaria and Turkey.

**Imports:** In 2002 (the most recent year for which figures are available), imports totaled US\$17.8 billion; goods from Italy, Germany, Russia, and France accounted for slightly more than 50 percent of all imports. Principal imports included textiles, petroleum and petroleum products, chemicals and related products, electric machinery, and food and live animals.

**Exports:** In 2002 (the most recent year for which figures are available), exports from Romania totaled US\$13.8 billion dollars. More than 50 percent of all exports went to Italy, Germany, France, and the United States. Major exports included electrical machinery, clothing and accessories, and machinery and transport equipment.

**Trade Balance:** Romania has had a persistent trade imbalance, with imports consistently outpacing exports. In 2002 the trade deficit was US\$4 billion.

**Balance of Payments:** Romania ran a current account deficit throughout the 1990s and into 2002 (the most recent year for which figures are available). Between 1999 and 2002, however, it has had a positive overall balance of payments. In 2002 the overall balance of payments was nearly US\$1.8 billion.

**External Debt:** In 2002 (the most recent year for which figures are available), Romania's external debt reached US\$15.6 billion, up from US\$9.9 billion in 1998. The bulk of Romania's external debt in 2002 was medium- and long-term debt.

**Foreign Investment:** Although the potential for foreign direct investment (FDI) in Romania is high, the level of FDI has been disappointingly low and has lagged far behind other transitional economies in the region. Some 50 percent of FDI has been targeted to privatization. Cumulative FDI between 1989 and 2002 reached US\$9 billion, whereas during the same time period in Hungary, cumulative FDI amounted to US\$22.5 billion. Annual FDI peaked in 1998 at US\$2 billion, an indicator of international approval of the newly formed center-right government. FDI in 2002 (the most recent whole year for which figures are available) was US\$1.1 billion, or 2.4 percent of gross domestic product (GDP). Average FDI in the Baltic states in 2002 was much higher at 6.1 percent of GDP.

**Foreign Aid:** According to the World Bank, in 2004 foreign aid to Romania totaled US\$697 million.

**Currency and Exchange Rate:** Romania's currency is the leu (pl., lei); 100 bani (sing., ban) equal one leu. On July 1, 2005, Romania redenominated the currency; a new (or heavy) leu is valued at 10,000 old lei. New notes will have the same dimensions as euro notes of similar value, and they will use the same colors and design as their corresponding old leu equivalents (for example, the 100 new lei note will look similar to the 1,000,000 old lei note). Prior to redenomination, the leu was one of the least valued currencies in the world, with US\$1 buying 29,891 lei. As of early July 2005, US\$1 equaled 3.02 new lei.

**Fiscal Year:** Calendar year

## TRANSPORTATION AND TELECOMMUNICATIONS

**Transportation System:** Public investment in the transportation infrastructure under the Ceaușescu regime was insufficient. As a result, Romania has one of the least extensive road networks in Europe. The network's state of disrepair continues to hamper economic development. Plans have been established to improve and link the transportation infrastructure with trans-European transport networks, at an estimated cost of roughly US\$3.2 billion. This modernization plan is a government priority, as well as a key component of European Union accession negotiations and will require a significant fiscal commitment on the part of the government.

**Roads:** Romania has 78,000 kilometers of public roads, significant portions of which are generally in need of repair. Some 46 percent of public roads are located in rural areas. The European Bank for Reconstruction and Development contributed more than US\$50 million to fund the creation of a new highway from Bucharest to Constanta, and to introduce tolls along existing and new highway developments in an effort to ease the financial burden associated with repairing and extending the road system.

**Railroads:** Rail is the major form of internal transportation in Romania, with a network of 14,217 kilometers of standard-gauge rail line, the fourth largest in Europe. However, only 35 percent of this network is electrified, and major equipment is in need of updating. Daily passengers on the rail network average about 500,000; some 70 million tons of freight are carried by rail annually.

**Ports:** Romania has ports on the Black Sea and along the Danube River; most are in need of repair and modernization. Constanta, the largest of the Black Sea ports and Romania's principal port, covers nearly 4,000 hectares and has an annual handling capacity of 115 million tons. A satellite port, Midia, is located north of Constanta and handles 200,000 tons of cargo annually. The main port along the Danube River is Galati, which handles approximately 6.7 million tons of cargo annually. Other important ports along the Danube include Tulcea, Giurgiu, Orsova, Medgidia, Zimnicea, Turnu Magurele, Oltenitza, and Sulina (in descending order, according to annual cargo rates).

**Inland Waterways:** The Danube is by far Romania's most important river for transportation. The Danube is an important route for domestic shipping as well as international trade. It is navigable for river vessels along its entire Romanian course and for seagoing ships as far as the port of Braila. An obvious problem with the use of the Danube for inland transportation is its remoteness from most of the major industrial centers. Moreover, marshy banks and perennial flooding impede navigation in some areas.

**Civil Aviation and Airports:** Romania has 165 airports; however, only 19 have permanently surfaced runways. Of these, three are international and 16 are domestic airports; four new domestic airports are slated for construction. Bucharest International Airport at Otopeni is the largest in the country, carrying some 3 million passengers and 25,000 tons of cargo per year. Cluj-Napoca and Timișoara also are served by international flights. The national airline, Tarom Romanian Airlines, has regularly operated at a loss. Restructuring of Tarom has begun, but efforts to partially privatize the airline have consistently been delayed. Tarom's fleet once had more than 70 Soviet aircraft but now numbers 16: five Boeing 737-300s, four Boeing 737-700s, and seven ATR 42-500s.

**Pipelines:** Two state-owned companies control Romania's network of approximately 4,500 kilometers of petroleum pipelines. The first, Petrotrans, carries crude oil from the Black Sea port of Constanta to refineries inland; and the second, owned by Conpet, carries crude oil from oil fields in the south and east to refineries in Cimpina, Darmanesti, Onesti, and Ploiesti. In addition, Romania has approximately 12,000 kilometers of natural gas pipelines, which bring gas into Romania from Bulgaria, Greece, and Russia (via Ukraine).

**Telecommunications:** Despite deregulation, expansion, and modernization over the past 10 years, Romania's telecommunications sector remains underdeveloped by regional standards. Nevertheless, the information technology (IT) market in Romania is one of the fastest growing in Eastern Europe. The market for mobile phone services in Romania is one of the most advanced in the Balkans, with mobile phone service more widely used than fixed-line. There are four mobile service providers, using either General System for Mobile Communications Technology (GSM) or code division multiple access (CDMA, a digital network launched in 2001). Estimates



vary, but Romania had between 5.1 and 6.9 million mobile service subscribers versus 4.2 to 4.4 million fixed lines as of the end of 2003. Internet penetration is weak by European standards but growing rapidly at about 5 to 6 percent per month. By 2004 it was estimated that Romania had 4 million Internet users and 50,807 Internet hosts.

## GOVERNMENT AND POLITICS

**Government Overview:** Romania is a republic with a directly elected president and a bicameral legislature, the parliament. Since the fall of Ceaușescu in 1989, Romania has generally had a democratic system of government, albeit one largely dominated by a single figure, Ion Iliescu (who has been elected president three times), and parties associated with him.

**Constitution:** After the toppling of the Ceaușescu regime in 1989, a new constitution was ratified in 1991; it was last modified by referendum in October 2003.

**Branches of Government:** Romania's government is divided into executive, legislative, and judicial branches. The executive branch is composed of the president (head of state), the prime minister (head of government), and the Council of Ministers (cabinet). The president is elected by popular vote and cannot serve more than two five-year terms (extended by a constitutional referendum from four years in 2003). The president serves as supreme commander of the armed forces, chairs the Supreme Defense Council, and nominates the prime minister. The prime minister appoints the government, which must be confirmed by a vote of confidence from parliament.

The legislative branch, a two-chamber parliament, is made up of the Chamber of Deputies (332 seats) and the Senate (137 seats). Deputies and senators serve four-year terms. Legislators are elected by party, as are all elected officials in Romania with the exception of the president and mayors; representation is allocated in proportion to votes for each party.

The judicial branch is divided into a Constitutional Court, a lower court system with municipal and county courts, a court of appeals, and a High Court of Cassation and Justice. The role of the High Court of Cassation and Justice, as defined by the constitution, is to ensure a unitary and consistent interpretation and enforcement of the law by all lower courts. The Constitutional Court addresses the constitutionality of challenged laws and decrees. There are nine members of the Constitutional Court. Each serves a nine-year term; appointments are non-concurrent. The two houses of parliament and the president appoint three judges each. Judges to the High Court of Cassation and Justice serve six-year terms and may serve multiple terms; like all other judges in the lower court system, they are appointed by the president on the recommendation of the 19-member Superior Council of Magistrates. The constitution provides for an independent judiciary; judges appointed by the president cannot be removed prior to the end of their terms.

**Administrative Divisions:** Romania is divided into 41 counties (*judete*; sing., *judet*): Alba, Arad, Arges, Bacau, Bihor, Bistrita-Nasaud, Botosani, Braila, Brasov, Buzau, Calarasi, Caras-Severin, Cluj, Constanta, Covasna, Dimbovita, Dolj, Galati, Gorj, Giurgiu, Harghita, Hunedoara, Ialomita, Iasi, Ilfov, Maramures, Mehedinti, Mures, Neamt, Olt, Prahova, Salaj, Satu Mare,

Sibiu, Suceava, Teleorman, Timis, Tulcea, Vaslui, Vilcea, Vrancea; and one municipality (*municipiu*), Bucharest.

**Provincial and Local Government:** Romania is divided into 41 counties and one municipality (Bucharest). Each county is governed by a county council, with members elected by party; villages and towns are administered by mayors (elected individually) and local councils (elected by party). The county council coordinates the actions of all village and town councils within a given county. Each county and Bucharest has a prefect appointed by the central government, who is charged with representing the central government at the local level. The prefect directs public services of the ministries and central agencies at the local level and can block the actions of a local authority under certain specific conditions, such as violations of the law or the constitution. Such contested matters are then referred to an administrative court for arbitration. As of 1999, local councils have the power to dictate expenditures of budget allocations from the central government, as well as the power to raise additional revenue locally.

**Judicial and Legal System:** The Romanian legal system is based on the Napoleonic Code. Except in rare cases, judges, not juries, decide the outcome of trials. The Romanian government generally respects the civil liberties of citizens, although police abuses continue to be reported. In addition, reports by the European Commission have repeatedly raised serious questions about the political neutrality of the judiciary and stated that further measures are required to guarantee the independence and professionalism of judges and prosecutors. The Romanian legal system is struggling to cope with a steadily increasing volume of court cases, particularly commercial litigation, and a shortage of judges. A law designed to reform the judiciary, which Romania must do if it hopes to join the European Union, was overturned in July 2005 by the Constitutional Court, which is packed with allies of former president Ion Illiescu.

**Electoral System:** Representatives to the two houses of parliament are chosen by direct, popular vote on a proportional representation basis for four-year terms. Parliamentary elections were last held on November 28, 2004, with 58 percent of eligible voters turning out to the polls. The National Union PSD+PUR (the Social Democratic Party and the Humanist Party of Romania) won, with 36 percent of the seats in the Chamber of Deputies and 37 percent of the seats in the Senate. The Justice and Truth Alliance (made up of the Democratic Party and the National Liberal Party) won 31 percent of the seats in both the Chamber of Deputies and the Senate. The next parliamentary elections were scheduled for November 28, 2008, but early elections were called for in July 2005 after the entire cabinet resigned in protest over rulings made by the Constitutional Court.

The president is elected by direct popular vote. The most recent presidential election was held on November 28, 2004, with a runoff between the top two candidates on December 12, 2004. In that election, Traian Basescu (of the Democratic Party) defeated incumbent Prime Minister Adrian Nastase (of the Social Democratic Party, the dominant party in the post-Ceaușescu era) with 51.2 percent of the vote. The next presidential election will be held on November 28, 2009, with a runoff on December 12, 2009.

**Politics and Political Parties:** Major political parties currently represented in parliament include the National Liberal Party (PNL), the Democratic Party (PD), the Democrat Union of

Hungarians in Romania (UDMR), the Humanist Party of Romania (PUR), the Social Democratic Party (PSD, formerly known as the Party of Social Democracy in Romania, or PSDR), and Romania Mare (PRM, an extreme right-wing party). Non-parliamentary parties as of the 2004 elections include the National Peasant and Christian-Democrat Party (PNTCD), the Popular Action Party (AP), the New Generation Party (PNG), the Union for Romania's Reconstruction (URR), and the Democrat Force (FD).

**Mass Media:** Tremendous change took place in Romanian media markets with the fall of the Ceaușescu regime. Whether these changes were on the whole positive ones remains a subject of some debate among journalists and observers. As of early 2005, the mass media market in Romania remained a study in contrasts between a private press and an independent one. Reporters working for both state- and privately owned media outlets in Romania continue to face significant outside interference in their reporting. In the broadcast sector, many stations are owned outright by the government, and the independence of many private stations is threatened by the massive debt (in the form of unpaid taxes and levies) many owe to the state. Romania has more than 100 newspapers (18 in Bucharest alone), but members of the Social Democratic Party (the dominant party of the post-Ceaușescu era) own many of them, either directly or indirectly. Media outlets, both print and broadcast, are extremely dependent on advertising revenue, leaving many observers to conclude that both business and government expect and receive positive coverage in exchange for purchasing advertising. These financial restraints on the freedom of the press are particularly pronounced in the provinces. In addition to the economic power they exercise, businesses and government officials also use the legal system to muzzle criticism. Romania recently eliminated imprisonment as a punishment for libel, but the civil code still allows the imposition of crippling fines for those convicted of defamation. A 2004 survey by a Romanian media watchdog group revealed that 28 percent of reporters and 60 percent of editors had been sued for libel at least once.

Major national daily newspapers include *Libertatea* (average circulation over 200,000), *Jurnalul National* (150,000), *Adevarul* (110,000), *Evenimentul Zilei* (100,000), and *Romana Libera* (70,000). Romania has two public television channels and more than 100 local private television stations (not all of which cover the entire country). According to some surveys, more than a quarter of all households subscribe to cable television in addition to broadcast television. Public radio operates four national channels, and more than 150 private FM radio stations are in operation in Romania. In 2002 Romanians had 4.5 million radios and 7.3 million television sets.

**Foreign Relations:** Since the demise of the Ceaușescu regime, Romania has actively pursued closer relations with the West and with the United States and the European Union (EU) in particular. Romania is a member of the Organization for Security and Co-operation in Europe (OSCE), joined the North Atlantic Treaty Organization (NATO) in March 2004, and is scheduled to join the EU in 2007. Relations with Russia are on generally cordial terms, although Russia has noted its concern that Romania's membership in NATO and potential accession to the EU may adversely affect relations between the two nations. In 2003 Russia and Romania signed a Treaty on Friendly Relations and Cooperation. As of early 2005, Romania had 95 embassies and 26 consulates abroad, as well as permanent missions to multinational organizations in Brussels, Budapest, Geneva, Madrid, Montreal, Nairobi, New York, Paris, Rome, Strasbourg, and Vienna.

**Major International Memberships:** Romania is a member of the Australia Group, Bank for International Settlements, Black Sea Economic Cooperation Zone, Central European Initiative, Council of Europe, Euro-Atlantic Partnership Council, European Bank for Reconstruction and Development, European Union (applicant), Food and Agriculture Organization, G-9, G-77, International Atomic Energy Agency, International Bank for Reconstruction and Development (World Bank), International Chamber of Commerce, International Civil Aviation Organization, International Confederation of Free Trade Unions, International Criminal Court, International Criminal Police Organization (Interpol), International Federation of Red Cross and Red Crescent Societies, International Finance Corporation, International Fund for Agricultural Development, International Labour Organization, International Maritime Organization, International Monetary Fund, International Olympic Committee, International Organization for Migration, International Organization for Standardization, International Red Cross and Red Crescent Movement, International Telecommunication Union, Latin American Integration Association, Multilateral Investment Geographic Agency, Nonaligned Movement (guest), Nuclear Suppliers Group, Organisation for the Prohibition of Chemical Weapons, Organization for Security and Co-operation in Europe, Organization of American States (observer), Partnership for Peace, Permanent Court of Arbitration, United Nations (UN), UN Security Council (temporary), United Nations Conference on Trade and Development, United Nations Educational, Scientific, and Cultural Organization, United Nations Industrial Development Organization, Universal Postal Union, Western European Union (associate affiliate), World Confederation of Labor, World Customs Organization, World Federation of Trade Unions, World Health Organization, World Intellectual Property Organization, World Meteorological Organization, World Tourism Organization, World Trade Organization, and the Zangger Committee.

**Major International Treaties:** Romania is a party to the Chemical Weapons Convention, the Convention on the Prohibition of the Development, Production, and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction, and the Treaty on the Non-Proliferation of Nuclear Weapons. Romania is also a party to the following international environmental agreements: Air Pollution, Air Pollution-Persistent Organic Pollutants, Antarctic Treaty, Biodiversity, Climate Change, Climate Change-Kyoto Protocol, Desertification, Endangered Species, Environmental Modification, Hazardous Wastes, Law of the Sea, Ozone Layer Protection, Ship Pollution, and Wetlands.

## NATIONAL SECURITY

**Armed Forces Overview:** Romania has 97,200 military personnel, organized in the army (66,000, including 18,500 conscripts), navy (7,200), and air force (14,000, including 3,800 conscripts), as well as some centrally controlled units (10,000). In preparation for accession to the European Union (EU) in 2007, Romania's military is undertaking changes to bring it in line with EU standards for member states. In addition, in order to join North Atlantic Treaty Organization (which it did in 2004), Romania committed to a minimum expenditure of 2 percent of gross domestic product on defense spending. Nonetheless, Romania's military currently is constrained by outdated equipment and broader domestic economic shortfalls.

**Foreign Military Relations:** The United States began training the Romanian military through the International Military Education and Training program in 1993. As noted earlier, Romania joined the North Atlantic Treaty Organization in 2004. Romania's military currently is serving abroad on a number of United Nations- and United States-led missions in locations including Afghanistan, Bosnia, Côte d'Ivoire, the Democratic Republic of Congo, Ethiopia/Eritrea, Iraq, Liberia, and Serbia and Montenegro.

**External Threat:** Despite occasional tensions with neighboring Hungary, as of early 2005, the risk of armed conflict in and around Romania is low.

**Defense Budget:** Defense spending in Romania declined significantly after the fall of the Ceaușescu regime in 1989 but has grown as a percentage of gross domestic product (GDP) since 2000. In 2003 (the most recent year for which figures are available), defense spending was approximately US\$1.3 billion, or around 2.4 percent of GDP. In 2004 the defense budget was expected to reach US\$1.5 billion.

**Major Military Units:** The Romanian army has one joint operations command (corps), two operations commands (divisions), one land forces headquarters, and two territorial corps commands with 10 active brigades (one tank, three mechanized, one mountain, one airborne, one artillery, one antiaircraft, one engineering, and one logistical) and 14 territorial brigades (one tank, six mechanized, two mountain, two artillery, two antiaircraft, and one engineering). The navy has a naval headquarters with one naval operational command (fleet level) and one Danube-based riverine flotilla. The air force has a headquarters with one air operational command, one air division, six air bases, and one training base.

**Major Military Equipment:** According to some estimates, more than half of Romania's military hardware is more than two decades old. Budget constraints make a rapid upgrade of military equipment to Western standards unlikely. As of early 2005, the Romanian army had 1,258 main battle tanks, 84 assault guns, 4 reconnaissance vehicles, 177 armored infantry fighting vehicles, 1,583 armored personnel carriers, 1,238 pieces of artillery, 9 surface-to-surface missile launchers, 127 antitank guided missiles, 849 antitank guns, 663 air defense guns, 64 surface-to-air missiles, 10 surveillance vehicles, and 6 unmanned aerial vehicles. The navy had 7 principal surface combatants, 1 frigate, 6 corvettes, 6 missile craft, 12 torpedo craft, 20 patrol craft, 2 minelayers, 2 mine countermeasure craft, 13 support and miscellaneous craft, and 3 armored personnel carriers. The air force had 81 MiG-21A, 13 MiG-21B, 25 MiG-21C, 12 transport aircraft, 12 transport helicopters, 3 survey aircraft, 62 combat helicopters, 44 training helicopters, and 42 surface-to-air missiles.

**Military Service:** As of early 2005, Romania required 12 months of compulsory military service for males. Compulsory service begins at 20 years of age; volunteers may serve starting at 18 years of age. Conscription is slated to end by 2007.

**Paramilitary Forces:** Romania has a paramilitary force of 79,900 under the control of the Ministry of Interior. Of those forces, 22,900 are border guards, and around 57,000 are gendarmerie.

**Military Forces Abroad:** Romania has 418 soldiers serving as part of the U.S. mission in Afghanistan, including one infantry brigade and one nuclear, biological, and chemical company; as well as around 730 soldiers serving in Iraq in a peace support role (including one mechanized infantry brigade). In addition, Romanian troops participate in the following United Nations missions: Afghanistan (33), Bosnia (106), Côte d'Ivoire (6), Democratic Republic of Congo (27), Ethiopia/Eritrea (8), Liberia (3), and Serbia and Montenegro (226, including 2 infantry companies).

**Police:** See paramilitary forces.

**Internal Threat and Terrorism:** Although post-Ceaușescu Romania has had periods of civil unrest (often related to disputes over political reforms and budget cuts), there is no evidence of terrorism or other internal threats.

**Human Rights:** The government of Romania generally respects the rights of its citizens. Nonetheless, there were reports in 2003 and 2004 of police brutality and concerns raised about the failure of the government to fully investigate and prosecute alleged cases of police brutality. Additionally, the government has been accused at times of restricting freedom of the press. Journalists who wrote reports critical of government policies and actions have claimed they were targets for harassment and intimidation. Religious minorities have complained of discriminatory treatment by the government. Societal harassment of ethnic and sexual minorities remains a problem, as do violence and discrimination against women. Major cities continue to have large populations of homeless children. The government is beginning to address the problem of trafficking in women and girls for the purposes of prostitution. Discrimination and violence against the Roma minority remain problems, as is the apparent reticence of the government to investigate and punish such discrimination. Child labor abuses have been reported, as well as government interference in trade union activities.